

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE

DECEMBER 31, 2022

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE
TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS:	
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF ACTIVITIES	7
STATEMENT OF CASH FLOWS	8
STATEMENT OF FUNCTIONAL EXPENSES	9
NOTES TO FINANCIAL STATEMENTS	10
OTHER INFORMATION:	
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD, OR CHIEF EXECUTIVE OFFICER	19
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	20
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	22
SCHEDULE OF PRIOR YEAR FINDINGS	24

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Capital Post-Conviction Project of Louisiana
DBA: Mwalimu Center For Justice

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Capital Post-Conviction Project of Louisiana (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Capital Post-Conviction Project of Louisiana as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Capital Post-Conviction Project of Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Post-Conviction Project of Louisiana's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Capital Post-Conviction Project of Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Post-Conviction Project of Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Change in Accounting Principle

As discussed in Note F to the financial statements, Capital Post-Conviction Project of Louisiana adopted FASB ASC 842 effective January 1, 2022. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head, or Chief Executive Officer on page 19, is presented for purposes of additional analysis as required by Louisiana Revised Statute (R.S.) 24:513(A)(3) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been

subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023, on our consideration of Capital Post-Conviction Project of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Capital Post-Conviction Project of Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capital Post-Conviction Project of Louisiana's internal control over financial reporting and compliance.

LeBlanc & Associates CPAs, L.L.C.

Metairie, Louisiana
November 3, 2023

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

Assets:

Current Assets:

Cash and cash equivalents	\$ 959,010
Cash and cash equivalents - restricted for TCEW	1,223,499
Grants receivable	950,854
Due from TCEW restricted fund	204
Due from LPDB	15,178
Total Current Assets	<u>3,148,745</u>

Property and Equipment, Net 1,849

Right of Use Assets 87,628

Total Assets 3,238,222

Liabilities and Net Assets:

Current Liabilities

Accounts payable	39,413
Accounts payable - restricted for TCEW	1,223,702
Payroll benefits payable	1,740
Deferred revenue	950,854
Short Term Operating Lease Liability	70,843
Total Current Liabilities	<u>2,286,552</u>

Long Term Operating Lease Liability 16,785

Total Liabilities 2,303,337

Net assets without donor restrictions 934,885

Total liabilities and net assets \$ 3,238,222

See independent auditor's report and notes to financial statements.

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

Changes in net assets without donor restrictions:

Revenues and gains:

Government grants

\$ 1,585,257

Other revenue

75,526

Total revenue without donor restrictions

1,660,783

Expenses

Program services

1,530,344

Supporting services

166,567

Total expenses without donor restrictions

1,696,911

Increase (decrease) in net assets without donor restrictions

(36,128)

Net assets at beginning of year

971,013

Net assets at end of year

\$ 934,885

See independent auditor's report and notes to financial statements.

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities:		
Increase (decrease) in net assets	\$	(36,128)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization		691
(Increase) decrease in operating assets:		
Right of use assets		(87,628)
Due from LPDB		38,592
Increase (decrease) in operating liabilities:		
Accounts payable		10,517
Accounts payable - restricted		388,454
Payroll benefits payable		(74)
Lease liability		87,628
Total adjustments		<u>438,180</u>
Net cash provided (used) by operating activities		<u>402,052</u>
Net increase (decrease) in cash and equivalents		402,052
Cash, cash equivalents, and restricted cash at beginning of year		<u>1,780,457</u>
Cash, cash equivalents, and restricted cash at end of year	\$	<u><u>2,182,509</u></u>
Reconciliation of cash, cash equivalents, and restricted cash at end of year:		
Cash, cash equivalents	\$	959,010
Cash and cash equivalents - restricted for TCEW		<u>1,223,499</u>
Cash, cash equivalents, and restricted cash at end of year	\$	<u><u>2,182,509</u></u>
Supplemental disclosures of cash flow information:		
Cash Paid during the year for:		
Amounts included in the measurement of lease liabilities - Operating cash flows from operating leases	\$	<u><u>73,275</u></u>
Significant non-cash investing activity:		
Increase in right of use asset - operating lease liability - Operating related to ASC 842 implementation	\$	<u><u>141,375</u></u>

See independent auditor's report and notes to financial statements.

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Total	Program Services	Supporting Services
Salaries & wages	\$ 855,961	\$ 770,365	\$ 85,596
Payroll taxes	69,120	62,208	6,912
Fringe benefits	126,731	115,206	11,525
Grants to others	51,365	51,365	-
Expert witness fees	17,376	17,376	-
Investigator fees	87,270	87,270	-
Case expenses - general	37,720	37,720	-
PC Pro bono expert witness fees	221,997	221,997	-
Accounting/audit fees	33,500	-	33,500
Computer consultant	32,806	29,525	3,281
Occupancy	72,809	65,528	7,281
Telephone	9,899	8,909	990
Depreciation	691	622	69
Maintenance and repairs	2,088	2,088	-
Office expenses	35,798	28,697	7,101
Publications	5,144	5,144	-
Conferences and meetings	14,199	14,199	-
Continuing education/dues	8,091	8,091	-
Insurance expense	14,346	4,034	10,312
 Total expenses	 \$ 1,696,911	 1,530,344	 \$ 166,567
 Percentage of total expenses		 90 %	 10 %

The above statement reports certain categories of expenses that are attributable to both program services and supporting services. The expenses allocated to both program services and supporting services are allocated based on percentages of professional staff and administrative staff, which has been determined to be approximately 90%/10% overall, respectively.

See independent auditor's report and notes to financial statements.

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Capital Post-Conviction Project of Louisiana (the organization) is a non-profit corporation organized exclusively for charitable, scientific and educational purposes, including, but not limited to, providing legal representation to indigent persons in Louisiana under the sentence of death, and to providing consultation services, educational materials, and seminars to lawyers who represent indigent persons facing or under a sentence of death.

The organization is supported primarily through government contracts and private grants and does not engage in fundraising activities.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The organization has adopted FASB ASC No. 958-605-25-2, *Accounting for Contributions Received*. All unconditional contributions are to be measured at fair market value on the date received and be recognized currently as revenue or gains.

Cash Restricted to Trial Counsel Expert Witness Fund (TCEW)

The organization is the fiscal agent for the TCEW fund on behalf of the Louisiana Public Defender Board (LPDB). These are restricted funds to be used exclusively for ancillary service for indigents accused of capital crimes. None of the funds received from the LPDB under this contract can be used by the organization for its operations or for defense of its capital post-conviction cases. Under the terms of the contract, the funds are to be maintained in a separate bank account.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-profit Entities*.

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The statement of activities presents expenses of the organization's operations functionally between program services and supporting services. On the statement of functional expenses the organization presents the natural classification of expenses for program services and supporting services. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

Property and Equipment

It is the organization's policy to capitalize property and equipment with an expected life of three or more years and a cost of \$1,500 or more. Capital assets purchased are recorded at cost. Donated assets are recorded at the estimated fair market value as of the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over a five to ten year depreciable life.

Adoption of New Accounting Standard

Effective January 1, 2022, the Organization adopted Accounting Standards Update No. 2016-02 (ASU 2016-02), Leases (Topic 842), as amended (Lease Update). The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing whether the contract contains a lease under ASC Topic 842, whether classification of the operating lease would be different in accordance with ASC Topic 842, or whether the unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Upon adoption, the Organization recognized an operating Right of Use asset and a lease liability in the amount of \$141,375. There were no impacts on the changes in net assets or cash flows due to the adoption of the new accounting standard.

Operating Lease Right of Use Assets and Lease Liabilities

The Organization determines if an arrangement is an operating or finance lease at the inception of the contract. All of the Organization's leases were determined to be operating leases.

Operating lease right of use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term, discounted using the risk-free rate. Operating lease costs are recognized as expenses on a straight-line basis over the lease term. All leases with ROU assets greater than \$1,500 are reported on the Statement of Financial Position, except for leases with an initial term less than 12 months for which the Organization made the short-term lease election.

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. The Organization has also elected the practical expedient package, which includes not reevaluating if a contract is or contains a lease, not reevaluating the classification of a lease, and not reevaluating initial direct costs.

The Organization elected the practical expedient for all leased assets that do not have a readily determinable rate implicit in the lease to use the risk-free rate. The risk-free discount rate used of 4% was based on the U.S. treasury rates.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The organization generally pays for services requiring specific expertise.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Income Taxes

The organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Revenue Recognition

Grants received from the LPDB are considered available for the organization's general programs unless specifically restricted by the state contract. Amounts received that are designated for future periods or restricted by the contract are reported as increases to net assets with donor restrictions and net assets without donor restrictions. Grants received with temporary restrictions that are met in the same reporting period are reported as net assets without donor restrictions. As of December 31, 2022, there were no funds received that temporarily or permanently restricted support.

Grants receivable and deferred revenue in the accompanying statement of financial position consist of balances remaining on State of Louisiana contracts applicable to future periods.

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B - FINANCIAL ASSISTANCE & CONTRACTS

STATE OF LOUISIANA CONTRACTS

The organization has been awarded grants from the LPDB to be used exclusively to defray the expenses of establishing and maintaining a capital post-conviction office, including contract amounts for attorneys, staff, office expenses, overhead and out-of-pocket expenses. The Funds from these grants cannot be used to defray, in whole or in part, the expenses associated with any trial or appeal as of right filed by or on behalf of a defendant who has not been sentenced to death. The scope of the contracts does not include litigation or proceedings arising out of or involving tort or worker's compensation. For the year ended December 31, 2022, the following LPDB agreements are reflected in the financial statements:

Contract for Criminal Defense Services on Behalf of Indigents Seeking Capital Post Conviction Relief (Operating Contract):

Contract period July 1, 2021 through June 30, 2022:

The organization received a grant from the LPDB in the amount of \$1,265,036, for post-conviction services on behalf of indigents in Louisiana. The grant was paid through monthly installments of \$105,420 from January through June 2022, for a total received in the amount of \$632,520 during 2022.

Contract period July 1, 2022 through June 30, 2023:

The organization received a grant from the LPDB in the amount of \$1,265,036 for post-conviction services on behalf of indigents in Louisiana. During the year ended December 31, 2022, the contract amount was recorded as income and received monthly installments of \$105,420 from August through December 2022, for a total of \$527,098 received during 2022. The remaining balance of the award in the amount of \$737,938, applicable to December 2022 through June 2023, is shown on the Statement of Financial Position as a grant receivable in assets, and as deferred revenue in the liabilities.

Pro Bono Expert Witness Grant:

The scope of these expert fund grants does not include litigation or proceedings arising out of or involving tort or worker's compensation. The following ancillary services contracts were in effect during the current period:

Contract period July 1, 2021 through June 30, 2022 - contract for ancillary criminal defense services:

The organization received a grant from LPDB in the amount of \$365,000 for the funding of ancillary services such as expert witnesses and specialized scientific testing to represent indigents in Louisiana. During the period January through June of 2022, incremental payments in the amount of \$30,417, were to be received through the end of the contract period. Due to budget issues with the state, the contract was cancelled for the months of May and June 2022. The total revenue recognized on this contract in 2022 was \$152,083.

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B - FINANCIAL ASSISTANCE & CONTRACTS (continued)

Pro Bono Expert Witness Grant:

Contract period July 1, 2022 through June 30, 2023 - contract for ancillary criminal defense services:

The organization received a grant from LPDB in the amount of \$365,000 for the funding of ancillary services such as expert witnesses and specialized scientific testing to represent indigents in Louisiana. During 2022, incremental payments of \$30,417 were made from August through December, for revenue recognized in the amount of \$152,083. The remaining balance of the award in the amount of \$212,917, applicable to 2023, is shown on the Statement of Financial Position as a grant receivable in assets, and as deferred revenue in the liabilities.

Angola 5-DB Contract

The organization has entered into a contract with the LPDB to be used exclusively for the representation of one of the "Angola 5" defendants on direct appeal and in related matters following his conviction and death sentence. This is a reimbursable contract for payment to be made upon services rendered. The rates for services provided are determined by the LPDB and outlined in the contract.

Contract period November 16, 2021 through June 30, 2022

The organization entered into a contract with the LPDB in the amount of \$10,000. Amendment # 1 to this contract increased the total amount of payments available to \$15,000 and extended the contract period to June 30, 2023. Amendment #2 to this contract increased the total amount of payments available to \$25,000. The total amount paid to the organization under this contract in 2022 was \$16,054. The remaining balance available for use in 2023 under this contract is \$8,946.

As of December 31, 2022, there were no outstanding invoices for reimbursement, therefore no receivable has been recorded.

The scope of this Contract does not include representation of the state of any department and/or agency of state government in litigation or proceedings arising out of or involving tort or worker's compensation.

NOTE C - CASH AND EQUIVALENTS

At December 31, 2022 the organization had cash and cash equivalents (book balances) totaling \$2,182,509 in demand deposits, which includes cash with donor restrictions. These deposits are stated at cost, which approximates market. As of December 31, 2022, the organization had \$2,212,953 in deposits (collected bank balances) of which \$1,232,762 were funds with donor restrictions. These deposits were secured by \$250,000 in Federal Deposit Insurance and \$2,002,212 in pledged securities.

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE D - PROPERTY AND EQUIPMENT AND RIGHT OF USE ASSETS

As of December 31, 2022, the Organization had property, equipment and depreciation and right of use assets as follows:

Equipment and furniture	\$ 202,094
Less: Accumulated depreciation	<u>(200,245)</u>
Total Property and Equipment	<u>\$ 1,849</u>
Depreciation expense	<u>\$ 691</u>
Right of Use Leased Building	\$ 66,101
Right of Use Leased Equipment	<u>21,527</u>
Total Right of Use Assets	<u>\$ 87,628</u>

NOTE E - GRANTS TO OTHERS

During the year ended December 31, 2022, various attorneys have been engaged under contract to work on specific cases. The contracts are for a stated period of time with payment due upon the submission of invoices by the attorney to the organization. Quarterly status reports are to be submitted to the organization within 15 days of the end of each quarter. As of December 31, 2022 there were no outstanding amounts due to attorneys under these contracts. During the current year amounts paid for services amounted to \$51,365.

NOTE F - OPERATING LEASES

The Organization has a lease for office space with Orleans Tower, LLC, which expires in December 2023. The monthly base rent is \$5,629. The landlord has a lien upon and security interest in all furniture, fixtures, equipment, inventory, merchandise, and other personal property belonging to the Organization, which is located in, on, or about the office space, while the lease is in effect, to secure the payment of the base rent and all other charges due under the lease. In connection with the adoption of FASB ASC 842, the Company recorded a Right of Use asset on January 1, 2022. As of December 31, 2022 the Right of Use asset amounted to \$66,101.

The Organization leases its copy machines through an agreement with Gulf Coast Office Products and a financial institution. In April 2022, the outstanding agreement was terminated early. Under the new agreement the monthly payment is \$460 and the lease expires in March 2027. In connection with the adoption of FASB ASC 842, the Company recorded a Right of Use asset on January 1, 2022. As of December 31, 2022 the Right of Use asset amounted to \$21,527.

Operating lease costs for the year ended December 31, 2022 were \$73,275.

The weighted average remaining lease term for operating leases is 1.42 years.

The weighted average discount rate for operating leases is 4%.

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE F - OPERATING LEASES (continued)

Future maturities of lease liabilities are as follows:

Year ended December 31,	
2023	\$ 73,059
2024	5,516
2025	5,516
2026	5,516
2027	<u>1,379</u>
Total Future Liabilities	90,986
Less imputed interest	<u>(3,358)</u>
Lease liability- operating	<u>\$ 87,628</u>

NOTE G - 401(K) PLAN

The organization became a participant in the ABA Members Retirement Program with an effective date of January 1, 2003. All employees who have attained the age of 21 are allowed to participate. Beginning in the current year, the organization matches the contributions of employees to this plan covering all eligible employees that have completed one year of eligibility service as defined in the plan documents. The Company makes matching contributions in an amount equal to 25% of the employee contributions up to 4% of the employees' compensation. During the fiscal year ended December 31, 2022, the organization contributed \$10,220 to the plan.

NOTE H - LIQUIDITY AND AVAILABILITY

The following reflects the organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include cash and accounts receivable with donor restrictions for payments of TCEW funds in accordance with the contract between the organization and the LPDB. The organization has financial assets available within one year of the balance sheet date to meet cash needs for general expenditures in the amount of \$1,925,042, determined as follows:

Total assets, statement of financial position at December 31, 2022	\$ 3,238,222
Less: Cash and cash equivalents restricted for TCEW	(1,223,499)
Net property and equipment	(1,849)
Right of Use Assets	(87,628)
Due from TCEW restricted fund	<u>(204)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year, December 31, 2022	<u>\$ 1,925,042</u>

The organization has cash in the amount of \$959,010, grants receivable due on the current contract with the LPDB in the amount of \$950,854, and \$15,178 accounts receivable due from the LPDB, for use to meet the cash needs for general expenditures within one year of the balance sheet date.

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE I - CONCENTRATION OF SUPPORT

The organization receives a substantial amount of their revenue from government grants. A significant reduction in the level of this support, if this were to occur, may have an effect on the organization's ability to fulfill their programs. Approximately 95% of the organization's support for the year ended December 31, 2022 came from the LPDB, a Louisiana governmental agency.

NOTE J - SUBSEQUENT EVENTS

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of the organization through November 3, 2023, the date the financial statements were issued, and concluded that no subsequent events have occurred that would require disclosure in the Notes to the Financial Statements.

SUPPLEMENTARY INFORMATION

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD, OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2022

AGENCY HEAD NAME: Matilde Carbia, Executive Director

PURPOSE		AMOUNT
Salary	\$	106,685
Benefits - insurance		6,515
Dues (bar dues & court admissions)		448
Association Membership		240
Continuing professional education fees		45
Travel to see clients		3,652

See independent auditor's report and notes to financial statements.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Capital Post-Conviction Project of Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Capital Post-Conviction Project of Louisiana (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 3, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Capital Post-Conviction Project of Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Capital Post-Conviction Project of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Capital Post-Conviction Project of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one (1) instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses. [2022-001].

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LeBlanc & Associates CPAs, L.L.C.

Metairie, Louisiana
November 3, 2023

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I –SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- A. The auditor's report expresses an unmodified opinion on the financial statements of Capital Post-Conviction Project of Louisiana.
- B. There were no material weaknesses and no significant deficiencies disclosed during the audit of the financial statements of Capital Post-Conviction Project of Louisiana.
- C. There was one instance of noncompliance material to the financial statements of Capital Post-Conviction Project of Louisiana which is required to be reported in accordance with Government Auditing Standards.

Federal Awards

- D. The type of report issued on compliance for major programs: N/A.
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-13: N/ A
- F. Major programs: N/A.
- G. Dollar threshold used to distinguish between Type A and Type B programs: N/A.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: N/A.
- I. A management letter was issued: No

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

The following noncompliance issue was found during the audit:

2022-001. Audit reporting package not submitted by the due date of June 30, 2023

Statement of Condition: The audit reporting package was not timely filed on June 30, 2023. A non-emergency extension request was applied for and approved by the Louisiana Legislative Auditor.

Criteria: According to R.S. 24:513 an audit is to be completed within six months of the close of the entity's fiscal year.

Cause: The information needed to conduct the audit was not provided to the auditors in time for them to complete the audit by the due date. This was primarily due to key personnel who provide the information to the auditors being stretched beyond capacity.

Effect or Potential Effect: The financial reporting package was submitted to the Louisiana Legislative Auditor late.

Recommendations: Management should begin the process of gathering the applicable information needed to submit the audit package well in advance of the reporting deadline.

Management's Corrective Action Plan:

See page 25 of this report

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

**CAPITAL POST-CONVICTION PROJECT OF LOUISIANA
DBA: MWALIMU CENTER FOR JUSTICE
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NO PRIOR YEAR FINDINGS

CAPITAL POST-CONVICTION PROJECT OF LOUISIANA

1340 POYDRAS, SUITE 1700
NEW ORLEANS, LOUISIANA 70112
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ANNA CARTER

Operations Manager

ILYSSA PARKER

Paralegals

MALAIKA JOHNSON, PARALEGAL COORDINATOR
JACK WAGUESPACK

Investigators

SUMMER UPCHURCH
LAUREN GUTHRIE

Executive Assistant

TANNA BARTHOLOMEW-BUTLER

November 2, 2023

Re: Management's Response to Statewide Audit Report

The following are CPCPL Management's Response:

Section II – Financial Statement Findings

The following noncompliance issue was found during the audit:

2022-001 Audit Reporting Package not submitted by the due date of June 30, 2022

-Statement of Condition: The audit reporting package was not timely filed on June 30, 2022. A non-emergency extension request was applied for and approved by the Louisiana Legislative Auditor.

Criteria: According to R.S. 24:513 an audit is to be completed within six months of the close of the entity's fiscal year.

Cause: Information needed to conduct the audit was not provided to the auditors in time for them to complete the audit by the due date. This was primarily due to key personnel not having enough support due to staffing and needing to focus on multiple work areas.

Effect or Potential Effect: The financial reporting package was submitted to the Louisiana Legislative Auditor late.

Recommendations: Management should begin the process of gathering the applicable information needed to submit the audit package well in advance of the reporting deadline.

Management's Response / Corrective Action Plan:

Management will start the process of gathering the materials needed for the audit several months earlier in the year and make sure they're even more proactive about being in touch with the auditors.

If you have further questions, please contact me directly.

Sincerely,

Matilde J.

Carbia

Matilde Carbia, Director

Digitally signed by Matilde J. Carbia
DN: cn=Matilde J. Carbia, o=Capital
Post-Conviction Project of Louisiana,
ou=mail@capconv.org, c=US
Date: 2023.11.02 17:59:53 -0500

**CAPITAL POST CONVICTION PROJECT OF LA
(DBA: MWALIMU CENTER FOR JUSTICE)
NEW ORLEANS, LOUISIANA**

**Statewide Agreed-Upon Procedures Report
For the period January 1, 2022 through December 31, 2022**

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

For the Period of January 1, 2022 – December 31, 2022

Matilde Carbia, Executive Director
Capital Post Conviction Project of LA
(DBA: Mwalimu Center for Justice)
New Orleans, Louisiana

and to the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, on the control and compliance (hereafter "C/C") areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the period January 1, 2022 through December 31, 2022. Capital Post Conviction Project of LA (hereafter "the Entity") management is responsible for those C/C areas identified in the SAUPs.

The Entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) WRITTEN POLICIES AND PROCEDURES

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or entity fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, entity fund forfeiture monies confirmation).

1) WRITTEN POLICIES AND PROCEDURES (CONTINUED)

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) entity responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: *After applying the procedures noted above, it was found that the Entity did not have written procedures to address the following:*

- **Purchasing** - *A description of how vendors are added to the vendor list is not included in the entity's purchasing policy.*
- **Contracting** - *The entity does not have a policy describing processes for contracting including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process*

Management's Response:

See attached letter from the Entity dated November 1, 2023

2) BOARD OR FINANCE COMMITTEE

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

2) BOARD OR FINANCE COMMITTEE (CONTINUED)

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions were noted as a result of applying the procedures above.

3) BANK RECONCILIATIONS

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: There were multiple outstanding checks on the November Operating Bank Reconciliation that were over a year old that had not been properly researched. Exception Noted.

Management's Response:

See attached letter from the Entity dated November 1, 2023

4) COLLECTIONS

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: No exceptions were noted as a result of applying the procedures above.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- i. Employees responsible for cash collections do not share cash drawers/registers;
- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;
- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or entity fund additions are not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: The entity has one deposit site and one collection location. As 99.8% of the entity's receipts are received by ACH from the Louisiana Public Defender Board (LPDB) and can be tied directly to the contracts with the LPDB and to LaGov, the above procedures are not applicable. Collections that come in by mail are rare and immaterial.

Due to the small size of the accounting department, the person receiving notification of bank deposits to the operating account is the same person recording the collection in the general ledger. Although there is a lack of separation of duties, compensating controls exist.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results: Results: A crime and theft policy was in effect during the fiscal period which covers all employees of the entity.

4) COLLECTIONS (CONTINUED)

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Results: Most receipts are electronic transfers from the state, so pre-numbered receipts are not applicable to this entity. Two deposits which included a total of four receipts were reviewed for this procedure. Of the four receipts reviewed one was not date stamped with a received date and therefore we could not determine if the deposit was within one day of receipt. Another deposit was made a week after the received date. Exception noted.

Management's Response:

See attached letter from the Entity dated November 1, 2023

5) NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5)

Results: No exceptions were noted as a result of applying the procedures above.

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the entity has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

5) NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic fund transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported]

Results: Exception was noted for 5.B.iii. The vendor listing is maintained by the employee who also processes payments and there is no procedure in place for another employee to periodically review the vendor listing.

Management's Response:

See attached letter from the Entity dated November 1, 2023

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B, as applicable.

Results: No exceptions were noted as a result of applying the procedures above.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions were noted as a result of applying the procedures above.

6) CREDIT CARDS / DEBIT CARDS / FUEL CARDS / PURCHASE CARDS

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No exceptions were noted as a result of applying the procedures above.

6) CREDIT CARDS / DEBIT CARDS / FUEL CARDS / PURCHASE CARDS (CONTINUED)

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- i. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions were noted as a result of applying the procedures above.

- C. Using the monthly statements or combined statements selected under procedure B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were noted as a result of applying the procedures above.

7) TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were noted as a result of applying the procedures above.

8) CONTRACTS

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g. change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were noted as a result of applying the procedures above.

9) PAYROLL AND PERSONNEL

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions were noted as a result of applying the procedures above.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: No exceptions were noted as a result of applying the procedures above.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to

9) PAYROLL AND PERSONNEL (CONTINUED)

the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee's or official's' personnel files, and agree the termination payment to entity policy.

Results: No exceptions were noted as a result of applying the procedures above.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions were noted as a result of applying the procedures above.

10) ETHICS

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the entity has appointed an ethics designee as required by R.S. 42:1170.

Results: The organization is a non-profit and therefore this section is not applicable.

11) DEBT SERVICE

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: This section is not applicable.

12) FRAUD NOTICE

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the entity in which the entity is domiciled as required by R.S. 24:523.

Results: No exceptions were noted as a result of applying the procedures above.

- B. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were noted as a result of applying the procedures above.

13) INFORMATION TECHNOLOGY DISASTER RECOVERY / BUSINESS CONTINUITY

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred (a) within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the above procedures and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the above procedure and discussed the results with management.

14) PREVENTION OF SEXUAL HARASSMENT

- A. Using the 5 randomly selected employees/officials from procedure #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the entity who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the entity;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Results: The Entity is a non-profit and therefore this procedure is not applicable. However, under the Entity's contracts with the LPDB, they must have a policy in accordance with R.S. 42:342. The Entity's sexual harassment policy complies with RS 42:342.

CONCLUSION

We were engaged by the Entity to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

LeBlanc & Associates CPAs, L.L.C.

Metairie, Louisiana
November 3, 2023

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November 1, 2023

Re: Management's Response to 2022 Statewide Agreed-Upon Procedures Report

The following are CPCPL Management's Response:

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

ii) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

vi) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Management's Response:

ii) Management will establish a written policy for how vendors are added to the vendor list and will ensure that an annual review of the vendor list is done by the Director and/or Deputy Director for review of any new / unknown vendors.

vi) Management will establish a written policy describing processes for contracting including (1) types of services requiring written contracts; attorneys, investigators, or any other professional paid regularly by our office (2) standard terms and conditions (3) legal review, (4) approval process, and (5) monitoring process. This will be administered by the Director and/or Deputy Director annually.

3. Bank Reconciliations

Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

iii) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Management's Response:

CPCPL will immediately follow up on all items outstanding for more than 12 months of the statement closing date.

4. Collections:

D Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day).

Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.

Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Management's Response:

CPCPL will make sure the documents that come with the check are also stamped with the date of received in case envelope has been lost. If we receive money to be deposited, which is rare, it is only in check format.
iv. Since many of our few deposits are under \$100, we will, as we have always done, keep the checks under that amount in a securely locked safe or drawer.

5) NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

B For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the entity has no written policies and

procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

Management's Response:

CPCPL will ensure that the Director and/or Deputy Director will annually review any new / unknown vendors. This change has gone into effect but was not included in the written documentation.

If you have further questions, please contact me directly.

Sincerely,

Matilde J.

Carbia

Matilde Carbia, Director

Digitally signed by Matilde J. Carbia
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